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Report of the Ottawa Group on Price Indexes

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-fifth session,[a] the Secretary-General has the honour to transmit to the Commission the report of the Ottawa Group on Price Indexes (focal point: Australian Bureau of Statistics), which is presented to the Commission for information.

* E/CN.3/2005/1.
[a] *Official Records of the Economic and Social Council, 2004, Supplement No. 4* (E/2004/24), chap. I.A.

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Report of the Ottawa Group on Price Indexes

Purpose and organization of the Group

1. The Ottawa Group on Price Indexes was formed in 1994 to provide a forum for specialists to share their experiences and discuss research on crucial problems of measuring price change. Without avoiding theoretical issues, the focus of the Group is on applied research, particularly though not exclusively in the area of consumer price indices. The Group examines advantages and disadvantages of various concepts, methods and procedures in the context of realistic operational environments, supported by concrete examples whenever possible. Participants are specialists and practitioners who work for, or are advisers to, statistical agencies in different countries or international organizations. The Group meets every 12 to 18 months.

2. The Group has a Steering Committee, which ensures both the continuity and evolution of its activities. The Committee comprises representatives of the agencies that host the Group's recent or upcoming meetings, together with others agreed to by the membership from time to time. The representative of the Australian Bureau of Statistics is currently serving as Executive Secretary.

3. The meetings are divided into sessions, each devoted to one clearly defined topic, with a designated Moderator, who is also responsible for producing a summary of the discussions and recording any recommendations.

4. The host agency provides facilities for the meeting and arranges for the publication of proceedings, which contain the papers presented and the most important elements of discussions. They also include the Group's recommendations when a consensus clearly emerges from discussion or, if this is not the case, a summary of the varying opinions with a balanced commentary.

5. Copies of proceedings and information about the Group are also available on the Internet. The agency providing secretariat services (currently the Australian Bureau of Statistics) is responsible for maintaining a web site open to the public (www.ottawagroup.org). The Steering Committee may also decide to edit and periodically release compendia on selected topics, whenever it is warranted by the status of available materials.

Participants

6. Members of the national statistical offices of Australia, Austria, Brazil, Canada, Chile, China, Denmark, Finland, Germany, Iceland, Indonesia, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Poland, the Republic of Korea, Singapore, Spain, Sweden, Switzerland, Thailand, the United Kingdom of Great Britain and Northern Ireland, the United States of America, the Statistical Office of the European Communities (Eurostat), the Statistics Department of the International Monetary Fund, the International Labour Organization, the Economic Commission for Europe and the Organization for Economic Cooperation and Development have attended at least one meeting of the Group, as have other experts or members of national statistical offices of other countries.

Meetings

7. The Group has met on eight occasions:

- Ottawa, 31 October-3 November 1994
- Stockholm, 15-17 November 1995
- Voorburg, the Netherlands, 16-18 April 1997
- Washington, D.C., 22-24 April 1998
- Reykjavik, 25-27 August 1999
- Canberra, 16-21 April 2001
- Paris, 27-29 May 2003
- Helsinki, 23-25 August 2004

8. Meetings scheduled:

- London, 14-16 May 2006
- Ottawa, 2007

Recent activities

9. Since its last report to the Statistical Commission, in 2003, the Group has met twice — in Paris in 2003 and in Helsinki in 2004.

10. Fundamental problems of price measurement, particularly at the microlevel, have been constant themes. These include sampling, the use of different techniques and procedures for dealing with quality change (with a particular focus on hedonic methods), coping with the ever-increasing use of complex pricing schemes and the estimation formula for elementary aggregates. Each meeting has included sessions devoted to particular difficult areas for price index construction, such as financial and insurance services, housing and telecommunications. The Group has also been addressing the issue of quality control in the production of price indexes and the opportunities that electronic commerce might provide to reduce the cost of price index compilation.

Issues for consideration by the Commission

11. The Paris meeting discussed the recent advances that had been made in the commercial world to facilitate business-to-business electronic commerce. Of particular interest is the move to global harmonization of the product numbering system and the adoption of a single commodity classification. The work by European Article Numbering International and the Uniform Code Council, in conjunction with the Global Commerce Initiative, to develop a global data synchronization network was recognized as having the potential to significantly improve the efficacy of data collection for producer and consumer price indexes and for international comparisons like the International Comparison Programme. The key role played by the Universal Standard Products and Services Classification (UNSPSC) was identified. There was strong support at the meeting for the international statistical community to become involved in either the development/maintenance of that classification or at least in the development of concordances between it and existing reference classifications. It was argued that

such work would be best undertaken under the supervision of the United Nations Statistics Division.

12. **Recommendation: the Commission may wish to consider the potential of UNSPSC as a "derived" classification and whether it would be appropriate for the United Nations Statistics Division to investigate the opportunities for furthering that objective.**

13. At the Helsinki meeting, the Group acknowledged the significant achievement of the Intersecretariat Working Group on Price Statistics in producing new international manuals on consumer and producer price indexes. The view of the Working Group that the manuals (particularly the electronic versions) be seen as "living documents" was strongly supported and the Group discussed how best it might contribute to that objective. It was agreed that the Group would modify its "rules of engagement" to ensure that papers dealing with issues covered by one or both of the new manuals would make explicit reference to the relevant sections in the manual(s) identifying any perceived need for change. Similarly, discussions of papers will seek to separately record any advice concerning the manuals that might be passed on to the Working Group for its consideration.

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